

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

FOR INFORMATION

Title: DRAFT RESOURCE ALLOCATIONS 2008/11

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Purpose

To inform the Committee of draft resource allocations to the Authority for 2008 to 2011 which have been included within the Scottish Government's draft budget for that period, and to compare these draft allocations with the indicative figures considered by the Committee at its meeting in September 2007.

Recommendations

The Committee is invited to:

- a) Note the indicative resource allocations to the Authority for the period 2008/11 included within the Scottish Government's draft budget.
- b) Note the impact of these resource allocations on the financial forecast model previously considered by the Committee at its meeting in September 2007.

Executive Summary

The Committee considered a model of forecast income and expenditure over the forthcoming corporate plan period, 2008 to 2011, at its meeting in September 2007. This paper presents an update to that model now that draft resource allocations have been made available as part of the Scottish Government's draft budget announcement.

The Scottish Government's budget remains a draft proposal. The indicative resource allocations to public bodies set out within the budget cannot be confirmed until after the Scottish Parliament has considered and voted on the proposals.

On the whole, the draft allocations are close to the figures set out in the model presented to Committee in September. The draft budget has also set out a proposed target for cash-releasing efficiency savings, although the detail of how that might interact with the resource allocations now set out is yet to be announced.

DRAFT RESOURCE ALLOCATIONS 2008/11 FOR INFORMATION

Background

1. The Committee considered a model of forecast income and expenditure over the forthcoming corporate plan period, 2008 to 2011, at its meeting in September 2007. This model was based on best information available at that point on potential grant-in-aid settlements. The model was presented at that time to support initial discussions of the Authority's potential financial position over the period and to support Board discussions on the development of the new Corporate Plan.
2. The purpose of this paper is to provide an update to that model now that draft resource allocations have been made available as part of the Scottish Government's draft budget announcement.

Draft Resource Allocations

3. It must be stressed at this point that the Scottish Government's budget remains a draft proposal. The indicative resource allocations to public bodies set out within the budget cannot be confirmed until after the Scottish Parliament has considered and voted on the proposals.
4. On the whole, the draft allocations are close to the figures set out in the model presented to Committee in September. A comparison of the figures presented in September with those now included in the Scottish Government's draft budget is set out in the following table.

	Indicative total resource allocation (£000)	Initial model (Sep 07) (£000)	Of which cover for non-cash costs (£000)	Initial model (Sep 07) (£000)
2007/08 (for comparison)	4,633	4,633	87	87
2008/09	4,633	4,691	87	77
2009/10	4,757	4,750	87	67
2010/11	4,922	4,810	87	57

5. Annex 1 to this paper reproduces the financial forecasts of income and expenditure considered by Committee in September, with the indicative resource allocations now included in place of the working assumptions previously set out. The resource allocation for 2008/09 is some £60,000 lower than that set out in the initial financial forecasts considered in September, with the allocation for 2009/10 in line with the original forecasts and that for 2010/11 some £110,000 higher.

Efficiency Savings

6. As expected, the draft budget has set out a proposed target for cash-releasing efficiency savings. The efficiency saving target is set in the draft budget at 2% rather than the 1.5% included in the financial model presented in September.
7. At the time of writing, we have not received any further detail on how this target will operate, or whether the efficiency saving will be expected against the Authority's full resource allocation level, or a sub-set of it such as organisational running costs. Further updates will be issued to Board members as we receive this information.

Financial Forecasts to 2010/11

8. The financial forecasts set out in Annex 1 remain a broad overview of our potential budget position given the draft resource allocation figures now made available. A significant amount of work remains to be done before we can present proposed budget figures to the Committee.
9. In addition to any refinements required to accommodate the detail of the 2% efficiency savings mentioned previously, the Management Team is working in developing the detailed Corporate Plan proposals guided by recent discussion with the Board. The financial model continues to provide an estimate for each year's Operational Plan, which will contribute to delivery of the Corporate Plan outcomes. At present, the Operational Plan figure remains at a level within the model which seeks to maintain potential expenditure in real terms.
10. Actual requirement for Operational Plan activities as well as those for Core costs have yet to be finalised.

Next Steps

11. The Management Team will develop more detailed Corporate Plan proposals for consideration by the Board in light of this information now made available on indicative resource allocations for the period 2008 to 2011.
12. Budget forecasts themselves will be refined to take account of information on the operation of the 2% efficiency saving target, once that is made available, and in finalising expenditure estimates for the coming years in light of the most up to date information.

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22 November 2007

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Annex 1: Financial Forecast Scenarios 2008/09 to 2010/11 based on indicative resource allocations set out in draft Scottish Government Budget

CNPA Budget Forecast 2008/11
November 07

	2007/08 Initial Budget £000	2008/09 Initial Forecasts £000	2009/10 Initial Forecasts £000	2010/11 Initial Forecasts £000
Grant in aid	4,546	4,546	4,670	4,835
Other income	55	56	57	58
Resource re non-cash transactions	87	87	87	87
Total Income	4,688	4,689	4,814	4,980
Board	259	264	269	274
Staff salaries	2,043	2,115	2,189	2,266
Staff other	212	216	220	224
Running costs	427	436	445	454
Capital expenditure	33	34	35	36
Operational Plan expenditure	1,682	1,716	1,750	1,785
Total cash expenditure	4,656	4,781	4,908	5,039
Non-cash transactions	87	87	87	87
Total expenditure	4,743	4,868	4,995	5,126
Budget surplus (deficit)	(55)	(179)	(181)	(146)
as percentage of total income	(1.17)	(3.82)	(3.76)	(2.93)
<i>From previous model</i>				
<i>Budget surplus (deficit)</i>	<i>(55)</i>	<i>(111)</i>	<i>(168)</i>	<i>(228)</i>
<i>as percentage of total income</i>	<i>(1.17)</i>	<i>(2.34)</i>	<i>(3.49)</i>	<i>(4.68)</i>

Assumptions:

<i>Annual price inflation</i>	2%
<i>Annual change in Board fees</i>	2%
<i>Annual staff salary change</i>	3.50%
<i>Annual change in other income</i>	2.50%